

State of Arizona
House of Representatives
Forty-eighth Legislature
Second Regular Session
2008

HOUSE BILL 2391

AN ACT

AMENDING SECTIONS 43-206 AND 43-1074.01, ARIZONA REVISED STATUTES; REPEALING SECTION 43-1074.01, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 43-1074.01; AMENDING SECTION 43-1168, ARIZONA REVISED STATUTES; REPEALING SECTION 43-1168, ARIZONA REVISED STATUTES; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 43-1168; RELATING TO GENERAL REVENUES FOR BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-206, Arizona Revised Statutes, is amended to
3 read:

4 43-206. Urban revenue sharing fund; allocation; distribution

5 A. There is established an urban revenue sharing fund. ~~For fiscal~~
6 ~~year 2000-2001 and fiscal year 2001-2002, the urban revenue sharing fund~~
7 ~~shall consist of an amount equal to fifteen per cent of the net proceeds of~~
8 ~~the state income taxes for fiscal year 1998-1999 and 1999-2000, respectively.~~
9 ~~For fiscal years 2002-2003 and 2003-2004, the fund shall consist of an amount~~
10 ~~equal to fifteen per cent of the amount of monies transferred pursuant to law~~
11 ~~in fiscal year 2000-2001 and 2001-2002, respectively, from the budget~~
12 ~~stabilization fund to the tax refund account of the state general fund plus~~
13 ~~fourteen and eight-tenths per cent of the net proceeds of the state income~~
14 ~~taxes, not including any amounts transferred from the budget stabilization~~
15 ~~fund to the tax refund account, for fiscal year 2000-2001 and 2001-2002,~~
16 ~~respectively. For fiscal year 2004-2005 and each fiscal year thereafter, The~~
17 fund shall consist of an amount equal to fifteen per cent of the net proceeds
18 of the state income taxes for the fiscal year two years preceding the current
19 fiscal year. The fund shall be distributed to incorporated cities and towns
20 as provided in this section, EXCEPT THAT A CITY OR TOWN SHALL RECEIVE AT
21 LEAST AN AMOUNT EQUAL TO WHAT A CITY OR TOWN WITH A POPULATION OF FIFTEEN
22 HUNDRED OR MORE PERSONS WOULD RECEIVE. The transfer of net proceeds
23 prescribed by section 49-282, subsection B does not affect the calculation of
24 net proceeds prescribed by this subsection.

25 B. Each city or town shall share in the urban revenue sharing fund in
26 the proportion that the population of each bears to the population of all.
27 Except as provided by sections 42-5033 and 42-5033.01, the population of a
28 city or town as determined by the most recent United States decennial census
29 plus any revisions to the decennial census certified by the United States
30 bureau of the census shall be used as the basis for apportioning monies
31 pursuant to this subsection.

32 C. The treasurer, upon instruction from the department, shall
33 transmit, no later than the tenth day of each month, to each city or town an
34 amount equal to one-twelfth of that city's or town's total entitlement for
35 the current fiscal year from the urban revenue sharing fund as determined by
36 the department.

37 D. A newly incorporated city or town shall share in the urban revenue
38 sharing fund beginning the first month of the first full fiscal year
39 following incorporation.

40 E. On receipt of a certificate of default from the greater Arizona
41 development authority pursuant to section 41-1554.06 or 41-1554.07, the state
42 treasurer, to the extent not otherwise expressly prohibited by law, shall
43 withhold from the next succeeding distribution of monies pursuant to this
44 section due to the city or town the amount specified in the certificate of
45 default and immediately deposit the amount withheld in the greater Arizona

1 development authority revolving fund. The state treasurer shall continue to
2 withhold and deposit the monies until the authority certifies to the state
3 treasurer that the default has been cured. In no event shall the state
4 treasurer withhold any amount that is necessary, as certified by the
5 defaulting political subdivision to the state treasurer and the authority, to
6 make any required deposits then due for the payment of principal and interest
7 on bonds of the political subdivision that were issued prior to the date of
8 the loan repayment agreement or bonds and that have been secured by a pledge
9 of distributions made pursuant to this section.

10 Sec. 2. Section 43-1074.01, Arizona Revised Statutes, is amended to
11 read:

12 43-1074.01. Credit for increased research activities

13 A. A credit is allowed against the taxes imposed by this title in an
14 amount determined pursuant to section 41 of the internal revenue code, except
15 that:

16 1. The amount of the credit is based on the excess, if any, of the
17 qualified research expenses for the taxable year over the base amount as
18 defined in section 41(c) of the internal revenue code and is computed as
19 follows:

20 (a) If the excess is two million five hundred thousand dollars or
21 less, the credit is equal to ~~twenty~~ TWENTY-FOUR per cent of that amount.

22 (b) If the excess is over two million five hundred thousand dollars,
23 the credit is equal to ~~five~~ SIX hundred thousand dollars plus ~~eleven~~ FIFTEEN
24 per cent of any amount exceeding two million five hundred thousand dollars,
25 except that:

26 (i) For taxable years beginning from and after December 31, 2000
27 through December 31, 2001, the credit shall not exceed one million five
28 hundred thousand dollars.

29 (ii) For taxable years beginning from and after December 31, 2001
30 through December 31, 2002, the credit shall not exceed two million five
31 hundred thousand dollars.

32 2. Qualified research includes only research conducted in this state
33 including research conducted at a university in this state and paid for by
34 the taxpayer.

35 3. If two or more taxpayers, including partners in a partnership and
36 shareholders of an S corporation, as defined in section 1361 of the internal
37 revenue code, share in the eligible expenses, each taxpayer is eligible to
38 receive a proportionate share of the credit.

39 4. The credit under this section applies only to expenses incurred
40 from and after December 31, 2000.

41 5. The termination provisions of section 41 of the internal revenue
42 code do not apply.

43 B. If the allowable credit under this section exceeds the taxes
44 otherwise due under this title on the claimant's income, or if there are no
45 taxes due under this title, the amount of the credit not used to offset taxes

1 may be carried forward to the next fifteen consecutive taxable years. The
2 amount of credit carryforward from taxable years beginning from and after
3 December 31, 2000 through December 31, 2002 that may be used in any taxable
4 year may not exceed the taxpayer's tax liability under this title or five
5 hundred thousand dollars, whichever is less, minus the credit under this
6 section for the current taxable year's qualified research expenses. The
7 amount of credit carryforward from taxable years beginning from and after
8 December 31, 2002 that may be used in any taxable year may not exceed the
9 taxpayer's tax liability under this title minus the credit under this section
10 for the current taxable year's qualified research expenses.

11 Sec. 3. Delayed repeal

12 Section 43-1074.01, Arizona Revised Statutes, as amended by this act,
13 is repealed from and after December 31, 2017.

14 Sec. 4. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
15 amended by adding a new section 43-1074.01, to read:

16 43-1074.01. Credit for increased research activities

17 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE IN AN
18 AMOUNT DETERMINED PURSUANT TO SECTION 41 OF THE INTERNAL REVENUE CODE, EXCEPT
19 THAT:

20 1. THE AMOUNT OF THE CREDIT IS BASED ON THE EXCESS, IF ANY, OF THE
21 QUALIFIED RESEARCH EXPENSES FOR THE TAXABLE YEAR OVER THE BASE AMOUNT AS
22 DEFINED IN SECTION 41(c) OF THE INTERNAL REVENUE CODE AND IS COMPUTED AS
23 FOLLOWS:

24 (a) IF THE EXCESS IS TWO MILLION FIVE HUNDRED THOUSAND DOLLARS OR
25 LESS, THE CREDIT IS EQUAL TO TWENTY PER CENT OF THAT AMOUNT.

26 (b) IF THE EXCESS IS OVER TWO MILLION FIVE HUNDRED THOUSAND DOLLARS,
27 THE CREDIT IS EQUAL TO FIVE HUNDRED THOUSAND DOLLARS PLUS ELEVEN PER CENT OF
28 ANY AMOUNT EXCEEDING TWO MILLION FIVE HUNDRED THOUSAND DOLLARS, EXCEPT THAT:

29 (i) FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2000
30 THROUGH DECEMBER 31, 2001, THE CREDIT SHALL NOT EXCEED ONE MILLION FIVE
31 HUNDRED THOUSAND DOLLARS.

32 (ii) FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2001
33 THROUGH DECEMBER 31, 2002, THE CREDIT SHALL NOT EXCEED TWO MILLION FIVE
34 HUNDRED THOUSAND DOLLARS.

35 2. QUALIFIED RESEARCH INCLUDES ONLY RESEARCH CONDUCTED IN THIS STATE
36 INCLUDING RESEARCH CONDUCTED AT A UNIVERSITY IN THIS STATE AND PAID FOR BY
37 THE TAXPAYER.

38 3. IF TWO OR MORE TAXPAYERS, INCLUDING PARTNERS IN A PARTNERSHIP AND
39 SHAREHOLDERS OF AN S CORPORATION, AS DEFINED IN SECTION 1361 OF THE INTERNAL
40 REVENUE CODE, SHARE IN THE ELIGIBLE EXPENSES, EACH TAXPAYER IS ELIGIBLE TO
41 RECEIVE A PROPORTIONATE SHARE OF THE CREDIT.

42 4. THE CREDIT UNDER THIS SECTION APPLIES ONLY TO EXPENSES INCURRED
43 FROM AND AFTER DECEMBER 31, 2000.

44 5. THE TERMINATION PROVISIONS OF SECTION 41 OF THE INTERNAL REVENUE
45 CODE DO NOT APPLY.

1 B. IF THE ALLOWABLE CREDIT UNDER THIS SECTION EXCEEDS THE TAXES
2 OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO
3 TAXES DUE UNDER THIS TITLE, THE AMOUNT OF THE CREDIT NOT USED TO OFFSET TAXES
4 MAY BE CARRIED FORWARD TO THE NEXT FIFTEEN CONSECUTIVE TAXABLE YEARS. THE
5 AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS BEGINNING FROM AND AFTER
6 DECEMBER 31, 2000 THROUGH DECEMBER 31, 2002 THAT MAY BE USED IN ANY TAXABLE
7 YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE OR FIVE
8 HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, MINUS THE CREDIT UNDER THIS
9 SECTION FOR THE CURRENT TAXABLE YEAR'S QUALIFIED RESEARCH EXPENSES. THE
10 AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS BEGINNING FROM AND AFTER
11 DECEMBER 31, 2002 THAT MAY BE USED IN ANY TAXABLE YEAR MAY NOT EXCEED THE
12 TAXPAYER'S TAX LIABILITY UNDER THIS TITLE MINUS THE CREDIT UNDER THIS SECTION
13 FOR THE CURRENT TAXABLE YEAR'S QUALIFIED RESEARCH EXPENSES.

14 Sec. 5. Section 43-1168, Arizona Revised Statutes, is amended to read:
15 43-1168. Credit for increased research activities

16 A. A credit is allowed against the taxes imposed by this title in an
17 amount determined pursuant to section 41 of the internal revenue code, except
18 that:

19 1. The amount of the credit is computed as follows:

20 (a) Add:

21 (i) The excess, if any, of the qualified research expenses for the
22 taxable year over the base amount as defined in section 41(c) of the internal
23 revenue code.

24 (ii) The basic research payments determined under section 41(e)(1)(A)
25 of the internal revenue code.

26 (b) If the sum computed under subdivision (a) is two million five
27 hundred thousand dollars or less, the credit is equal to ~~twenty~~ TWENTY-FOUR
28 per cent of that amount.

29 (c) If the sum computed under subdivision (a) is over two million five
30 hundred thousand dollars, the credit is equal to ~~five~~ SIX hundred thousand
31 dollars plus ~~eleven~~ FIFTEEN per cent of any amount exceeding two million five
32 hundred thousand dollars, except that:

33 (i) For taxable years beginning from and after December 31, 2000
34 through December 31, 2001, the credit shall not exceed one million five
35 hundred thousand dollars.

36 (ii) For taxable years beginning from and after December 31, 2001
37 through December 31, 2002, the credit shall not exceed two million five
38 hundred thousand dollars.

39 2. Qualified research includes only research conducted in this state
40 including research conducted at a university in this state and paid for by
41 the taxpayer.

42 3. If two or more taxpayers, including corporate partners in a
43 partnership, share in the eligible expenses, each taxpayer is eligible to
44 receive a proportionate share of the credit.

1 4. The credit under this section applies only to expenses incurred
2 from and after December 31, 1993.

3 5. The termination provisions of section 41 of the internal revenue
4 code do not apply.

5 B. If the allowable credit under this section exceeds the taxes
6 otherwise due under this title on the claimant's income, or if there are no
7 taxes due under this title, the amount of the credit not used to offset taxes
8 may be carried forward to the next fifteen consecutive taxable years. The
9 amount of credit carryforward from taxable years beginning from and after
10 December 31, 2000 through December 31, 2002 that may be used under this
11 subsection in any taxable year may not exceed the taxpayer's tax liability
12 under this title or five hundred thousand dollars, whichever is less, minus
13 the credit under this section for the current taxable year's qualified
14 research expenses. The amount of credit carryforward from taxable years
15 beginning from and after December 31, 2002 that may be used under this
16 subsection in any taxable year may not exceed the taxpayer's tax liability
17 under this title minus the credit under this section for the current taxable
18 year's qualified research expenses.

19 C. If a taxpayer has qualified research expenses that are carried
20 forward from taxable years beginning before January 1, 2001, the amount of
21 the expenses carried forward shall be converted to a credit carryforward by
22 multiplying the amount of the qualified expenses carried forward by twenty
23 per cent. A credit carryforward determined under this subsection may be
24 carried forward to not more than fifteen years from the year in which the
25 expenses were incurred. The amount of credit carryforward from taxable years
26 beginning before January 1, 2001 that may be used under this subsection in
27 any taxable year may not exceed the taxpayer's tax liability under this title
28 or five hundred thousand dollars, whichever is less, minus the credit under
29 this section for the current taxable year's qualified research expenses. The
30 total amount of credit carryforward from taxable years beginning before
31 January 1, 2003 that may be used in any taxable year under ~~the provisions of~~
32 subsection B and this subsection may not exceed the taxpayer's tax liability
33 under this title or five hundred thousand dollars, whichever is less, minus
34 the credit under this section for the current taxable year's qualified
35 research expenses.

36 Sec. 6. Delayed repeal

37 Section 43-1168, Arizona Revised Statutes, as amended by this act, is
38 repealed from and after December 31, 2017.

39 Sec. 7. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
40 amended by adding a new section 43-1168, to read:

41 43-1168. Credit for increased research activity

42 A. A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE IN AN
43 AMOUNT DETERMINED PURSUANT TO SECTION 41 OF THE INTERNAL REVENUE CODE, EXCEPT
44 THAT:

1 1. THE AMOUNT OF THE CREDIT IS COMPUTED AS FOLLOWS:
2 (a) ADD:
3 (i) THE EXCESS, IF ANY, OF THE QUALIFIED RESEARCH EXPENSES FOR THE
4 TAXABLE YEAR OVER THE BASE AMOUNT AS DEFINED IN SECTION 41(c) OF THE INTERNAL
5 REVENUE CODE.
6 (ii) THE BASIC RESEARCH PAYMENTS DETERMINED UNDER SECTION 41(e)(1)(A)
7 OF THE INTERNAL REVENUE CODE.
8 (b) IF THE SUM COMPUTED UNDER SUBDIVISION (a) IS TWO MILLION FIVE
9 HUNDRED THOUSAND DOLLARS OR LESS, THE CREDIT IS EQUAL TO TWENTY PER CENT OF
10 THAT AMOUNT.
11 (c) IF THE SUM COMPUTED UNDER SUBDIVISION (a) IS OVER TWO MILLION FIVE
12 HUNDRED THOUSAND DOLLARS, THE CREDIT IS EQUAL TO FIVE HUNDRED THOUSAND
13 DOLLARS PLUS ELEVEN PER CENT OF ANY AMOUNT EXCEEDING TWO MILLION FIVE HUNDRED
14 THOUSAND DOLLARS, EXCEPT THAT:
15 (i) FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2000
16 THROUGH DECEMBER 31, 2001, THE CREDIT SHALL NOT EXCEED ONE MILLION FIVE
17 HUNDRED THOUSAND DOLLARS.
18 (ii) FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2001
19 THROUGH DECEMBER 31, 2002, THE CREDIT SHALL NOT EXCEED TWO MILLION FIVE
20 HUNDRED THOUSAND DOLLARS.
21 2. QUALIFIED RESEARCH INCLUDES ONLY RESEARCH CONDUCTED IN THIS STATE
22 INCLUDING RESEARCH CONDUCTED AT A UNIVERSITY IN THIS STATE AND PAID FOR BY
23 THE TAXPAYER.
24 3. IF TWO OR MORE TAXPAYERS, INCLUDING CORPORATE PARTNERS IN A
25 PARTNERSHIP, SHARE IN THE ELIGIBLE EXPENSES, EACH TAXPAYER IS ELIGIBLE TO
26 RECEIVE A PROPORTIONATE SHARE OF THE CREDIT.
27 4. THE CREDIT UNDER THIS SECTION APPLIES ONLY TO EXPENSES INCURRED
28 FROM AND AFTER DECEMBER 31, 1993.
29 5. THE TERMINATION PROVISIONS OF SECTION 41 OF THE INTERNAL REVENUE
30 CODE DO NOT APPLY.
31 B. IF THE ALLOWABLE CREDIT UNDER THIS SECTION EXCEEDS THE TAXES
32 OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME, OR IF THERE ARE NO
33 TAXES DUE UNDER THIS TITLE, THE AMOUNT OF THE CREDIT NOT USED TO OFFSET TAXES
34 MAY BE CARRIED FORWARD TO THE NEXT FIFTEEN CONSECUTIVE TAXABLE YEARS. THE
35 AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS BEGINNING FROM AND AFTER
36 DECEMBER 31, 2000 THROUGH DECEMBER 31, 2002 THAT MAY BE USED UNDER THIS
37 SUBSECTION IN ANY TAXABLE YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY
38 UNDER THIS TITLE OR FIVE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, MINUS
39 THE CREDIT UNDER THIS SECTION FOR THE CURRENT TAXABLE YEAR'S QUALIFIED
40 RESEARCH EXPENSES. THE AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS
41 BEGINNING FROM AND AFTER DECEMBER 31, 2002 THAT MAY BE USED UNDER THIS
42 SUBSECTION IN ANY TAXABLE YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY
43 UNDER THIS TITLE MINUS THE CREDIT UNDER THIS SECTION FOR THE CURRENT TAXABLE
44 YEAR'S QUALIFIED RESEARCH EXPENSES.

1 C. IF A TAXPAYER HAS QUALIFIED RESEARCH EXPENSES THAT ARE CARRIED
2 FORWARD FROM TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 2001, THE AMOUNT OF
3 THE EXPENSES CARRIED FORWARD SHALL BE CONVERTED TO A CREDIT CARRYFORWARD BY
4 MULTIPLYING THE AMOUNT OF THE QUALIFIED EXPENSES CARRIED FORWARD BY TWENTY
5 PER CENT. A CREDIT CARRYFORWARD DETERMINED UNDER THIS SUBSECTION MAY BE
6 CARRIED FORWARD TO NOT MORE THAN FIFTEEN YEARS FROM THE YEAR IN WHICH THE
7 EXPENSES WERE INCURRED. THE AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS
8 BEGINNING BEFORE JANUARY 1, 2001 THAT MAY BE USED UNDER THIS SUBSECTION IN
9 ANY TAXABLE YEAR MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE
10 OR FIVE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, MINUS THE CREDIT UNDER
11 THIS SECTION FOR THE CURRENT TAXABLE YEAR'S QUALIFIED RESEARCH EXPENSES. THE
12 TOTAL AMOUNT OF CREDIT CARRYFORWARD FROM TAXABLE YEARS BEGINNING BEFORE
13 JANUARY 1, 2003 THAT MAY BE USED IN ANY TAXABLE YEAR UNDER SUBSECTION B AND
14 THIS SUBSECTION MAY NOT EXCEED THE TAXPAYER'S TAX LIABILITY UNDER THIS TITLE
15 OR FIVE HUNDRED THOUSAND DOLLARS, WHICHEVER IS LESS, MINUS THE CREDIT UNDER
16 THIS SECTION FOR THE CURRENT TAXABLE YEAR'S QUALIFIED RESEARCH EXPENSES.

17 Sec. 8. Department of public safety; highway funds; limitation

18 Notwithstanding sections 28-6537 and 28-6993, Arizona Revised Statutes,
19 the statutory caps limiting the level of highway user revenue fund monies and
20 state highway fund monies available to fund department of public safety
21 highway patrol costs are suspended for fiscal year 2008-2009.

22 Sec. 9. Business reengineering/integrated tax system contract
23 extension; retroactivity

24 A. Notwithstanding any other law, before executing any extension or
25 modification of the current business reengineering/integrated tax system
26 contract with a fiscal impact that increases the contractor's share of
27 gain-sharing proceeds from state revenues during fiscal year 2008-2009, the
28 department of revenue shall submit the proposed changes to the joint
29 legislative budget committee for its review.

30 B. This section is effective retroactively to from and after June 30,
31 2008.

32 Sec. 10. Data center charges

33 Notwithstanding any other law, the department of revenue may utilize up
34 to \$1,570,000 of general fund revenue deposits to pay data center charges
35 after review of an expenditure plan by the joint legislative budget
36 committee.

37 Sec. 11. Credit for increased research activities; 2010 tax
38 credit amounts

39 A. Notwithstanding section 43-1074.01, subsection A, paragraph 1,
40 Arizona Revised Statutes, as amended by this act, for taxable years beginning
41 from and after December 31, 2009 through December 31, 2010, the amount of the
42 credit is based on the excess, if any, of the qualified research expenses for
43 the taxable year over the base amount as defined in section 41(c) of the
44 internal revenue code and is computed as follows:

1 1. If the excess is two million five hundred thousand dollars or less,
2 the credit is equal to twenty-two per cent of that amount.

3 2. If the excess is over two million five hundred thousand dollars,
4 the credit is equal to five hundred fifty thousand dollars plus thirteen per
5 cent of any amount exceeding two million five hundred thousand dollars.

6 B. Notwithstanding section 43-1168, subsection A, paragraph 1, Arizona
7 Revised Statutes, as amended by this act, for taxable years beginning from
8 and after December 31, 2009 through December 31, 2010, the amount of the
9 credit is computed as follows:

10 1. Add:

11 (a) The excess, if any, of the qualified research expenses for the
12 taxable year over the base amount as defined in section 41(c) of the internal
13 revenue code.

14 (b) The basic research payments determined under section 41(e)(1)(A)
15 of the internal revenue code.

16 2. If the sum computed under paragraph 1 of this subsection is two
17 million five hundred thousand dollars or less, the credit is equal to
18 twenty-two per cent of that amount.

19 3. If the sum computed under paragraph 1 of this subsection is over
20 two million five hundred thousand dollars, the credit is equal to five
21 hundred fifty thousand dollars plus thirteen per cent of any amount exceeding
22 two million five hundred thousand dollars.

23 Sec. 12. Effective date

24 Sections 43-1074.01 and 43-1168, Arizona Revised Statutes, as amended
25 by this act, are effective from and after December 31, 2009.

26 Sec. 13. Effective date

27 Sections 43-1074.01 and 43-1168, Arizona Revised Statutes, as added by
28 this act, are effective from and after December 31, 2017.